

Message Text

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FM AMEMBASSY JAKARTA
TO SECSTATE WASHDC 8146
INFO USDOC WASHDC
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AMCONSUL SURABAYA

UNCLAS SECTION 1 OF 2 JAKARTA 4873

FOR STATE CU/PC

E.O. 11652: N/A
TAGS: EINV, SGEN, SOPN
SUBJ: EXAMPLES OF GOOD CORPORATE CITIZENSHIP

REF: STATE 051579

1. THE FOLLOWING EXAMPLES OF GOOD CORPORATE CITIZENSHIP IN
INDONESIA ARE SUBMITTED IN RESPONSE TO REFTEL. EMBASSY'S
RESPONSE HAS BEEN COORDINATED WITH AMCHAM INDONESIA.

2. PETROLEUM SECTOR: PROVINCIAL FARMING INSTITUTE SUPPORT.
FOOD SUPPLY IS MAJOR PROBLEM ANYWHERE. THE PROVINCE WHERE
MOST OF INDONESIA'S OIL IS FOUND IS NO EXCEPTION WITH ITS
MARSHES AND INFERTILE SOIL. TO ASSIST IN SOLVING THIS PROBLEM,
THE AMERICAN MNC IN COOPERATION WITH THE PROVINCIAL
GOVERNMENT HELPED SET UP A FARMING INSTITUTE. DORMITORIES, A
LABORATORY WITH EQUIPMENT, OTHER SUBSIDIARY BUILDINGS, AN
IRRIGATION CANAL, PUMPS AND PIPE WERE PURCHASED WITH A ONE-
TIME GRANT. NOW GROUPS OF 20-40 EXPERIENCED FARMERS COME
THREE TIMES EACH YEAR TO THE PROVINCIAL SCHOOL FOR 2-3
MONTHS WHERE THEY LEARN APPROPRIATE TECHNIQUES AND THEN
RETURN TO THEIR FARMS, HOPEFULLY TO SHOW THEIR NEIGHBORS
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WHAT THEY LEARNED AT THE INSTITUTE. IN CONNECTION WITH
THIS PROJECT, THE MNC SENT A NUMBER OF GOVERNMENT AGRICULTURAL
OFFICERS TO THE RENOWNED INTERNATIONAL RICE RESEARCH INSTITUTE
IN LOS BANOS, PHILIPPINES, FOR A SIX-MONTH COURSE.
BENEFIT TO MNC IN TERMS OF STATUS IN HOST COUNTRY:
CAPITAL INTENSIVE WITH REVENUES GOING ALMOST TOTALLY TO

THE CENTRAL GOVERNMENT'S COFFERS, FOREIGN OIL COMPANIES ARE OFTEN ACCUSED OF HAVING FEW LOCAL TIES OR OF OFFERING FEW BENEFITS TO THE PROVINCIAL JURISDICTION IN WHICH THEY OPERATE. WHILE THE HOST CENTRAL GOVERNMENT STANDS CHARGED WITH ALLOWING MNCs TO CRUELLY EXPLOIT EXHAUSTIBLE RESOURCES WITHOUT RETURNING TO THE PROVINCE WHERE THEY ARE FOUND AN EQUITABLE SHARE OF TAX REVENUES. THIS FARMING INSTITUTE ALLOWS THE CENTRAL GOVERNMENT AND PROVINCIAL GOVERNMENT TO POINT WITH PRIDE TO THE DIRECT BENEFITS TO THE PROVINCE FROM THE PRESENCE OF THE MNC, HERBY GAINING POINTS FOR ALL SIDES.

3. PETROLEUM SECTOR: EDUCATIONAL PROGRAM ASSISTANCE. AN AMERICAN MNC'S INTEREST IN EDUCATION IS, BY NO MEANS, CONFINED TO AREAS WHERE IT IS OPERATING. AS A MEMBER OF THE LARGER COMMUNITY, THIS MNC HAS PROVIDED FUNDS FOR NATIONAL HIGHER EDUCATIONAL INSTITUTIONS. WHEN THE HOST COUNTRY'S PREMIER TECHNICAL INSTITUTE'S MAIN LABORATORY

AS DESTROYED BY FIRE, THE MNC GAVE A DOLS 600,00 GRANT TO REBUILD IT. EVERY MAJOR NATIONAL UNIVERSITY HAS RECEIVED ASSISTANCE FROM THIS MNC AS HAVE TALENTED STUDENTS. OVER THE PAST 24 YEARS, THIS MNC HAS GIVEN OVER 1800 SCHOLARSHIPS. NOTHER 700 STUDENTS AND LEACHERS HAVE RECEIVED GRANTS AND OPPORTUNITIES FOR FIELD WORK IN PREPARATION FOR THEIR MASTER AND DOCTORAL PAPERS. RECIPI-

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ENTS OF SUPPORT FUNDING ARE UNDER NO OBLIGATION, AND THE STUDENTS AND RESEARCHERS ARE FREE TO CHOOSE WHATEVER CAREER THEY WISH TO PURSUE UPON COMPLETION OF THEIR STUDIES.

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BENEFIT TO MNC/
THIS EXAMPLE OF A FOREIGN FREE ENTERPRISE COMPANY ASSISTING
THE COUNTRY'S NATIONAL DEVELOPMENT HAS NOT GONE UNNOTICED.

4. PETROLEUM SECTOR:TOURIST PROMOTION MOVIE. AN
AMERICAN MNC PRODUCED A DOLS 135,000 TOURIST PROMTTION 35-MM
FILM ON THE COUNTRY IN WHICH IT IS OPERATING. TTHIS FILM,
WHICH WON SEVERAL CRITICAL AWARDS, IS MADE AVAILABLE FOR
USE WITHOUT CHARGE IN AND OUTSIDE OF THE HOST COUNTRY.
COPIES OF THE FILM ARE AVAILABL TO TH THE HOST GOVERNMENT,
ITS EMBASSIES OVERSEAS, AND PRIVATE COMPANIES AT COST.
BENEFIT TO MNC:
MOVIE IS GENERATING EXCELLENTGOOD WILL.

5. PETROLEUM SECTOR: VILLAGEATO-MARKET ROADS. AN
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AMERICAN MNC WHEN OPENING NEW AREAS FOR EXPLORATION HAS
MADE IT A PLOICY TO CUT VILLAGE-TO-MARKET ROADS TO LINK
WITH THE COMPANY ROADS IF IT APPERAS THE ISOLATED
VILLAGE HAS GOOD ECONOMIC POTENTIAL. IN ONE CASE, THE
MNC SPENT DOLS 60,000 IN CONSTRUCTING A 3-4 KILOMETER ROAD
FOR A VILLAGE IN A SWAMPY AREA. BEFORE THE FILLAGERS HAD
TO CANOE FOR OVER ONE DAY TO REACH THEIR MARKET.
NOW IT IS A MATTER OF SEVERAL HOURS USING THE ROAD.
BENEFIT TO MNC:
NO BENEFIT ACCRUED TO THE MNC OTHER THAN OBVIOUS ONES
GAINED BY GOOD COMMUNITY RELATIONS.

6. CHEMICAL SECTOR: UPGRADING ANATIONAL ECHNICAL KNOW-
HOW TO THE CEMENT-MAKING INDUSTRY. THE MAERICAN MNC
JOINT VENTURE COMPANY HAS PROVIDED TECHNICAL ASSISTANCE
AND TRAINING, TOTALLY ON A VOLUNTARY BASIS, TO THE STATE-
OWNED ENTERPRISES WITHIN THIS SECTOR TO PREPARE

THEM TO USE NEW TECHNOLOGY.

FURTHERMORE, THE MNC HAS BEEN ASKED TO SUPPORT START-UP OPERATIONS OF THE NEW STATE COMPANIES AND TO PROVIDE ASSISTANCE IN SOLVING TECHNICAL PROBLEMS WHEN THESE MAY COME UP.

BENEFIT TO MNC:

BENEFITS TO THE MNC CAN BE CONSIDERED NEGATIVE, SINCE ITS TECHNICAL KNOW-HOW AND TECHNICAL EXPERTISE IS BEING TRANSFERRED TO COMPETITORS WHO MAY BE ABLE TO COMPETE MORE EFFECTIVELY AGAINST THE MNC IN THE FUTURE. A POSSIBLE SIDE BENEFIT TO THE MNC IS THE RECOGNITION BY THE HOST GOVERNMENT OF THE MNC'S CONTRIBUTION TO OVERALL NATIONAL DEVELOPMENT.

MASTERS

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